

17 August 2018

Mr Stuart Usher
Company Secretary
Tikforce Limited
Suite A7, 435 Roberts Road
Subiaco WA 6008

By email: stuart@tikforce.com

Dear Mr Usher

Tikforce Limited ("TKF")

ASX refers to:

- TKF's shareholder meeting ("Meeting") scheduled for 20 August 2018, and in particular resolution 8 (the issue of securities upon conversion of convertible securities) proposed in the notice for that meeting ("Notice") released on ASX's Market Announcements Platform ("MAP") on 13 July 2018;
- TKF's announcement titled "Tikforce Signs Software Licence Agreement" released on MAP on 16 August 2018 ("Announcement");
- Recent correspondence from Bennett & Co received by TKF and copied to ASX; and
- The current proceedings involving TKF in the Takeovers Panel.

ASX considers that the Meeting, at least in so far as it relates to the listing rule resolutions set out in the Notice, should be adjourned in order for TKF to address the disclosure deficiencies in the Notice and Announcement.

Accordingly ASX directs TKF to adjourn the Meeting to consider the listing rule resolutions set out in the Notice until such time as the disclosure concerns set out below are rectified. ASX's direction is made under listing rule 18.8.

Notice of meeting

In light of the Takeover Panel proceedings, ASX considers that Notice should have disclosed the identity of the convertible note holders and the relevant interest each holder will have in TKF securities following the conversion of their convertible notes, as well as the identity of the persons excluded from voting on the resolutions.

Announcement

ASX considers the Licence Agreement is in effect a disposal of TKF's main undertaking and requires shareholder approval under listing rule 11.2 before it can be completed. The Licence Agreement is also a change in the nature or scale of TKF's business operations in respect of which ASX will exercise its discretion to require shareholder approval under listing rule 11.1.2.

The likely consequences of the change in nature or scale of TKF's business operations will be that ASX will exercise its discretion under listing rule 11.1.3 to require TKF to re-comply with the admission and quotation requirements in chapters 1 and 2 of the listing rules and that TKF's securities will remain suspended until it does so under listing rule 11.3.

ASX considers the implications of the above must be disclosed to shareholders prior to the voting on the listing rule resolutions in the Notice, given existing shareholders' voting power will be significantly diluted by the issue of TKF securities proposed under resolution 8.

In addition ASX considers the Announcement must be updated to disclose details of TKF's knowledge of, and due diligence into, Gambier Holdings Ltd.

Other Matters

Under listing rule 14.8, ASX requires TKF to appoint its auditor as scrutineer to decide the validity of votes cast at the Meeting and whether the votes that should have been disregarded were disregarded. This applies to both the listing rule resolutions and the other resolutions.

Please note ASX will not quote the securities proposed to be issued under listing rule resolutions in the Notice until such time as ASX's directions are complied with and the disclosure concerns mentioned above have been addressed.

TKF must immediately disclose the contents of this letter, including ASX's direction to adjourn the Meeting to consider the listing rule resolutions.

ASX intends providing a copy of this letter to the Takeovers Panel.

In the meantime, if you have any further enquiries in relation to this letter, please do not hesitate to contact me.

Kind regards

[Sent electronically without signature]

James Rowe

Manager, Listings Compliance (Perth)